UNITED NATIONS

UNFCCC Framework Convention on Climate Change

Distr.
GENERAL

FCCC/SB/2000/12
30 October 2000

Original: ENGLISH

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Thirteenth session
The Hague, 13-18 November 2000
Agenda items 3 and 4

SUBSIDIARY BODY FOR IMPLEMENTATION
Thirteenth session
The Hague, 13-18 November 2000
Agenda items 3 and 4

IMPLEMENTATION OF ARTICLE 4.8 AND 4.9 OF THE CONVENTION (DECISION 3/CP.3 AND ARTICLES 2.3 AND 3.14 OF THE KYOTO PROTOCOL)

MATTERS RELATING TO ARTICLE 3.14 OF THE KYOTO PROTOCOL

Note by the chairmen of the subsidiary bodies

CONTENTS

			Paragraphs	Page
I.	MANDATE		1	3
II.	SCOPE		2 - 4	3
III.	REPORT ON INFORMAL CONSULTATIONS		5 - 29	3
	A.	Implementation of Article 4.9 of the Convention	5 – 11	3
	B.	Adverse effects of climate change under Article 4.8 of the Convention	12 – 15	4
	C.	Impact of the implementation of response measures under Article 4.8 of the Convention	16 – 21	5

		Paragraphs	Page
D.	Matters relating to Article 3.14 of the Kyoto Protocol ..	22 – 25	6
E.	Further multilateral work	26 – 29	6

Annex

Draft elements of a work programme relating to Article 4.9 of the Convention as well as other obligations under the Convention and the Kyoto Protocol 8

I. MANDATE

1. The subsidiary bodies, at their thirteenth sessions, invited their chairmen, with the assistance of the secretariat, to convene inter-sessional consultations on these two agenda items (FCCC/SBI/2000/10, para. 12 (b)). The chairmen of the subsidiary bodies requested Mr. Mohammad Reza Salamat (Islamic Republic of Iran), and Mr. Bo Kjellén (Sweden), to conduct these informal consultations, which were held from Thursday, 19 October 2000 to Saturday, 21 October 2000, at Geneva.

II. SCOPE

2. The current document, containing the report on the informal consultations, reflects the main views that were presented at the consultations. The purpose was to advance understanding and clarify positions on key issues raised in the negotiating text on these two items (contained in document FCCC/SBI/2000/10/Add.1), and to explore possibilities for resolving outstanding issues at the sixth session of the Conference of the Parties (COP).

3. The informal character of the discussions greatly helped in achieving these objectives, thereby preparing the ground for the negotiations in the contact group at the resumed thirteenth sessions of the subsidiary bodies.

4. The report is presented as a means of facilitating negotiation. It does not in any way constitute a negotiating text, nor does it prejudge the outcome of the negotiations at the resumed sessions.

III. REPORT ON INFORMAL CONSULTATIONS

A. Implementation of Article 4.9 of the Convention

5. The representative of Vanuatu, on behalf of the group of least developed countries (LDCs), briefed the meeting on the workshop on the special situations and the specific needs and concerns of the least developed countries in the context of the climate change negotiations at COP 6, which was held in Geneva on 16 and 17 October 2000, and presented a document (see annex below) containing draft elements of a work programme relating to Article 4.9 of the Convention as well as other obligations under the Convention and the Kyoto Protocol. He indicated that a textual submission would be provided by the group at the second part of the thirteenth sessions of the subsidiary bodies, to replace the current text on LDCs (section C, paragraph 11 of the negotiating text as contained in FCCC/SBI/2000/10/Add.1).

6. There was general support for these draft elements, and for the need for a "fast track" in addressing the specific needs and concerns of the LDCs. Participants noted that some areas of vulnerability in LDCs were similar to those in other developing countries, but that the LDCs should receive special treatment none the less in the implementation of support programmes to address their specific needs and concerns because of their limited adaptive capacity.

7. A number of LDC representatives noted that their funding needs should be met through new avenues, with fewer institutional complexities, lower overheads and smaller bureaucratic

hurdles. They noted that, based on their experience, the current financial mechanism and its implementing agencies were not in a position to respond to their urgent needs in an adequate and timely manner.

8. Some participants noted that some elements (such as those related to debt reduction and concessional loans) lie beyond the scope of the climate change negotiations, but that these could still be communicated to the relevant agencies in donor countries. Similarly, issues which have relevance to other agenda items at COP 6 would be raised under discussions on those items as well.

9. Some participants felt that more clarification was necessary on how the proposal by LDCs to formulate national adaptation plans of action (NAPAs) would fit into the context of preparation of national communications. In this light it was suggested that such plans of action could be viewed as a complement to national communications until the LDCs have developed sufficient capacity to prepare their national communications. The plans of action would also help raise the priority of climate change issues at the national level in LDCs. In this context it was also pointed out that only five LDCs had been able to submit their national communications to date.

10. Participants from Annex II Parties indicated that they would communicate the LDC proposals to the relevant officials in their capitals and come back with a response to these proposals at COP 6.

11. It was proposed that COP 6 send a message on the special situations and the specific needs and concerns of the LDCs arising from the adverse effects of climate change, to the Third United Nations Conference on the Least Developed Countries, to be held in Brussels in May 2001.

B. Adverse effects of climate change under Article 4.8 of the Convention

12. On issues related to reporting, participants acknowledged the importance of national communications, particularly in the long term, for communicating the specific needs and concerns of developing country Parties, while in view of practical difficulties, some level of flexibility in submitting information was deemed important by a number of non-Annex I countries. It was suggested that if reports other than national communications were to be used, these could be considered as an interim channel pending the preparation of national communications. In this way the national communication process would not be weakened.

13. Some participants from developing countries expressed the need for a strong commitment to be included in the chapeau of paragraph 7 of the negotiating text (FCCC/SBI/2000/10/Add.1), whether through the existing financial mechanism or through alternative means of funding. Other participants from developed countries mentioned that this chapeau would have to be general if the list of activities were to be comprehensive, to allow donor countries to be able to prioritize areas for their support (menu approach); on the other hand, if the chapeau were to be specific, binding donors to provide support to all activities, then the list would need to be revisited in order to ensure that all activities could indeed be provided for. It was also indicated that even having a specific chapeau will not imply that each Annex II Party would provide funding for all activities listed in paragraph 7. Some participants mentioned that the chapeau should not contain a binding commitment, since the language of the Convention, under Article

4.8, stipulates that "Parties shall give full *consideration* to what actions are necessary" (emphasis added).

14. While many participants from developing countries, particularly the least developed countries, outlined the need for establishing new means for the provision of financial resources, other participants indicated that such new funding could create additional problems and redundancy, and preferred streamlining the existing resources (through the Global Environment Facility (GEF) and official development assistance). One participant from an Annex II Party proposed that a parallel process could be adopted, whereby the COP would provide concrete guidance to the financial mechanism for supporting certain activities, while at the same time encouraging Annex II Parties to provide some additional support through other channels, including official development assistance.

15. It was noted that any output from the contact group on the implementation of Article 4.8 and 4.9 of the Convention, and on matters relating to Article 3.14 of the Kyoto Protocol, pertaining to guidance to the financial mechanism would be forwarded to the relevant contact group once agreement had been reached.

C. Impact of the implementation of response measures under Article 4.8 of the Convention

16. Reference was made to the Solemn Declaration of the Second Summit of Heads of State and Government of OPEC Member Countries held in Caracas, Venezuela (on 27 and 28 September 2000); in particular its statements on seeking channels of dialogue between oil producers and consumers, and on economic diversification, both of which were considered to have a positive bearing on discussions on the impact of response measures. In this respect, reference was also made to the Seventh International Energy Forum to be held in Riyadh, Saudi Arabia, from 17 to 19 November 2000. Some participants noted the importance of the discussions on energy which would take place in the context of the ninth session of the Commission on Sustainable Development in 2001, to which a message could be forwarded by COP 6.

17. Some participants re-emphasized the need for any actions to be based on a rigorous assessment and quantification of impacts of response measures, while others noted that uncertainties also existed in other issues under negotiation, and even in the science of climate change itself.

18. The issue of compensation was discussed. A number of participants felt that a broad definition for compensation could be adopted, encompassing a general provision for funding, which could also cover economic diversification and technological development. Others opposed the concept of compensation altogether, as they rejected any implied or explicit liability for adopting response measures to climate change, stating particularly that it would involve compensating some high-income developing countries, and would constitute a disincentive to implementing measures to address climate change, thus undermining the ultimate objective of the Convention.

19. Participants noted that some of the proposals included under section B of the negotiating text (p. 11) contained win-win solutions, which could help address the adverse effects of climate change as well as the impact of the implementation of response measures.

20. It was recalled that the proposal by the Group of 77 and China regarding paragraphs 18 to 20 (originally part of a proposal by the Alliance of Small Island States), involves retaining the chapeau of paragraph 18, but deleting subparagraphs (a) to (c), as well as paragraphs 19 and 20. Other participants mentioned that they preferred the alternative text under paragraph 17, since it satisfied the requirement of establishing a chain of causality and the burden of responsibility for addressing the impact of response measures. Some participants from developing countries noted that the current proposals under paragraph 17 included additional obligations relating to reporting for developing countries, which would require additional resources and capacity that did not currently exist.

21. One participant noted that the most prudent way to address this issue was to cover it through technology transfer and support for economic diversification in developing countries.

D. Matters relating to Article 3.14 of the Kyoto Protocol

22. It was noted that, in refining the negotiating text, elements related to reporting under Articles 7 and 8 of the Kyoto Protocol needed to be incorporated.

23. Views expressed during discussions on the impact of the implementation of response measures under Article 4.8 of the Convention, particularly regarding compensation and methodological requirements, were reiterated under Article 3.14 of the Protocol.

24. One participant noted that countries with economies in transition would encounter difficulties in complying with some of the proposed commitments of Annex I Parties, particularly in relation to the reduction and phasing-out of market imperfections, and to discouraging the local production of fossil fuels.

25. It was recalled that paragraph 9 of the negotiating text had been proposed by the Group of 77 and China. Some participants from non-Annex I Parties noted that paragraph 9 of the negotiating text contained win-win proposals, incorporating environmentally sound actions which would help minimize the impact of response measures while at the same time contributing to the ultimate objective of the Convention. One participant from an Annex I Party noted that as an alternative approach, the objective should be to minimize the impact of the implementation of response measures, and not to prescribe specific policies and measures. In light of this suggested approach, participants from developing countries invited Annex I Parties to provide an alternative proposal for action in this respect.

E. Further multilateral work

26. The co-chairs of the informal consultations presented a compilation of the workshops suggested in the negotiating text. Many participants indicated that the prioritization of workshops should be guided by the prioritization of actions to implement Articles 4.8 and 4.9 of the Convention and 3.14 of the Kyoto Protocol. Others noted that this prioritization should not be linked to the availability of funding. Most participants agreed that any workshop for the least developed countries should be given the highest priority, and some suggested that such a workshop could serve as a forum for the first meeting of the proposed LDC expert group.

27. Participants recommended that the Third Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), which would be available in 2001, insofar as its findings relate

to the implementation of Article 4.8 and 4.9 of the Convention and Article 3.14 of the Kyoto Protocol, should serve as input to some of the proposed workshops.

28. Many participants agreed that the issue of insurance, both in relation to the adverse effects of climate change and to the impact of response measures, should also be given high priority in planning for upcoming workshops.

29. Some participants were of the view that the proposed workshop on economic diversification was of high priority, particularly for LDCs, and that it should cover all sectors of the economy. It was also proposed that this workshop be conducted prior to COP 7, and that it should include an elaboration of the policies and measures which Annex I Parties intend to adopt in meeting their commitments under the Kyoto Protocol.

Annex[1]

WORKSHOP ON THE SPECIAL SITUATIONS, AND SPECIFIC NEEDS AND CONCERNS OF THE LEAST DEVELOPED COUNTRIES, WITHIN THE CONTEXT OF THE CLIMATE CHANGE NEGOTIATIONS AT COP 6

Draft elements of a work programme relating to Article 4.9 of the Convention as well as other obligations under the Convention and the Kyoto Protocol

Particular Funding and Technology Requirements for LDCs in Relation to Climate Change

The following represents a preliminary consideration of funding requirements and elements of a work programme for LDCs in relation to Climate Change. In considering this work programme, particular financial considerations should be provided to create the enabling environment for effective participation of LDCs in climate change related matters. These considerations relate to funding sources and debt management.

Special Support for National Adaptation Programme of Action for LDCs

A special need of LDCs is the establishment of a process to develop National Adaptation Programmes of Action (NAPA). The purpose of these NAPAs is to enable LDCs to have a channel to communicate their vulnerabilities and their adaptation needs, given that not all LDCs have the capacity to prepare and submit national communications in the foreseeable future. Technical assistance in the preparation of NAPAs would be provided by the establishment of LDC-Expert Groups.

Possible Funding Approaches

Recognising the particular vulnerabilities of LDCs to climate change impacts, special multilateral and bilateral funding opportunities should be provided for LDCs. These special funding considerations can be considered under the following categories, in a timely process:

- **LDC Climate Change Institutional Development Fund**

  A special LDC Climate Change Trust Fund should be created under the management of the UNFCCC Secretariat. This fund would help LDCs develop effective, local climate change institutions through the provision of information technology (computer, telecommunications and networking equipment), as well as language teaching and negotiation skills to allow LDCs to participate more effectively in climate change negotiations. This Fund would also provide special financial assistance to meet the funding and technology transfer requirements of LDCs in responding to obligations under the Convention and Kyoto Protocol.

- **LDC Climate Change Adaptation Fund**

  Following the establishment of the LDC Climate Change Institutional Development Fund, LDCs would seek funding from various funding sources to establish a LDC Climate Change Adaptation Fund. This fund would provide ongoing support to assist LDCs implement their NAPAs.

---

[1] The text of this annex is reproduced without formal editing by the secretariat.

- **Concessional Loan Facility**

  Highly concessional loans should be provided to build the appropriate infrastructure and capacity to allow LDCs to prepare and adapt to the impacts of climate change. These loans should not worsen the debt burden of LDCs and hence should have very low interest rates and long repayment periods.

- **Disaster Management Fund**

  Recognising that the LDCs have a limited capacity to respond to climate related disasters, a special Disaster Management Fund should be established.

- **Adaptation Surcharge Exemption**

  In order to encourage a greater flow of CDM projects to the LDCs and to overcome some of the inherent institutional disadvantages, CDM projects in LDCs should be exempt from an adaptation surcharge.

- **Special Consideration in Adaptation Funding**

  Notwithstanding the special surcharge consideration for LDCs, LDCs should be given priority consideration in the allocation of adaptation funding.

- **Debt Management**

  Special consideration should be given to canceling debts in LDCs, as the repayment and servicing of these debts cripple the opportunities to finance institutional and other activities related to climate change.

Participation in the Convention and Kyoto Protocol

Further to these financial considerations there are particular needs in relation to LDC participation in the processes associated with the UN Framework Convention on Climate Change and the Kyoto Protocol. Creating the appropriate enabling environment for LDCs to participate in the Clean Development Mechanism is a key issue. This consideration is represented in the following table.

	Areas identified for funding	Technology needs
Participation in the Kyoto Process, in particular the Clean Development Mechanism	To enhance LDC capacity to build the appropriate investment environment for attracting CDM projects.	Provide technology and technical assistance to LDCs to undertake the appropriate baseline calculations and project proposals for participation in the CDM.

Funding and Technology Transfer Requirement for LDCs in relation to Climate Change

Proper participation of LDCs in the UN Framework on Convention on Climate Change and the Kyoto Protocol are contingent on the appropriate financial assistance and transfer of technology. Furthermore, LDCs need special consideration in adapting and responding to the impacts of climate change. These special needs and considerations are represented in the following table.

	Areas identified for funding	Technology needs
Water Resources	• Water management and harvesting • Water resource allocation management • Water storage management • Water catchment management • Waste management	• Provide technologies and technical assistance for better distribution of water and better water storage • Provide energy efficient desalination and water purification technologies • Develop systems of information exchange on appropriate systems for human and domestic animal waste management • Provide appropriate technical assistance and technology to monitor water quality
Food Security	• Agricultural systems (including livestock and fisheries management) that are better adapted to climate change • Effective food storage and processing	• Develop technologies and technical assistance for improving sustainability of agriculture systems and maintaining productivity in adverse climatic situations • Develop technologies and technical assistance to improve food storage and processing
Human Health	• Medical expertise to manage climate related health effects, e.g. spread of insect borne diseases, diseases associated with water contamination. • Public awareness programmes	• Provide basic medical technologies and technical assistance for managing climate related health effects • Provide technical support for public awareness programmes

	Areas identified for funding	Technology needs
Energy Management	• Management of renewable energy and energy efficiency systems • Appropriate hydro-energy production • Enhancing the efficient use of fuelwood energy	• Provide viable and affordable renewable energy and energy efficiency systems • Provide appropriate hydro-energy systems • Improve indigenous renewable energy technologies • Provide technologies and technical assistance in efficient fuelwood usage for energy
Climate Change prediction, severe weather forecasting and risk management	• Climate change prediction • Severe weather forecasting • Monitoring risks • Communicating weather forecasting and risks • Data analysis	• Provide technology in climate change prediction • Provide improved meteorological equipment • Provide early-warning communications equipment • Develop regional centres in risk management • Develop communication systems on climate prediction and risk management • Provide technology for better data analysis
Impacts on Coastal zones and Low Lying Islands	• Managing the coastal zone • Monitoring health of coral reefs • Management and protection of coral reef ecosystems • Managing sand dune erosion	• Develop appropriate coastal management systems • Provide technologies and technical assistance to monitor health of coral reefs • Provide technology for the management and protection of coral reef ecosystems

	Areas identified for funding	Technology needs
Impacts on Fragile mountain ecosystems	• Flood Control • Irrigation water management • Developing appropriate hydro-energy production • Fragile mountain ecosystem management	• Provide technologies and technical assistance in disaster management • Provide technologies and technical assistance in flood control • Provide technologies and technical assistance in irrigation water management
Impacts on arid and semi arid ecosystems	• Fire management • Arid vegetation management and desertification control	• Build fire control systems • Provide technologies and technical assistance in arid vegetation management and desertification control
Impacts on wetland ecosystems	• Wetland management	• Provide technologies and technical assistance in wetland managment
Forest Management and Utilisation	• Sustainable forest management	• Provide technology and technical assistance in sustainable forest management
Infrastructure to respond to severe weather events	• Developing transport and communications infrastructure capable of coping with adverse climatic conditions or severe weather events.	• Provide appropriate transport and communications infrastructure capable of coping with adverse climatic conditions or severe weather events.
Legal and Institutional Frameworks	• Developing national legislation for climate change • Negotiating skills for participating in climate change negotiations • Participation in climate change processes, including the IPCC • Developing national environmental policy frameworks	• Provide technical assistance to develop national legislation associated with climate change • Provide technical assistance in the development of national environmental policy frameworks
Public Education and Awareness	• Strengthening public education and awareness of climate change related issues	• Provide technology and technical assistance to help in providing public education and awareness on climate change related issues

- - - - -